

ADVISORY LETTER NUMBER 04-01¹

April 6, 2004

**TO: ALL PROPERTY AND CASUALTY INSURERS APPROVED
TO ISSUE POLICIES INSURING RISKS IN LOUISIANA**

RE: Repair of Motor Vehicles

**STATUTE AND REGULATION REFERENCES: The Louisiana Insurance Code,
Title 22 of the Louisiana Revised Statutes §§ 2, 3, 658 and 1211 et seq.**

It has come to our attention that insurance consumers are often experiencing unwarranted delays in the repair of their vehicles and/or the payment of their claim. This delay is often the result of disagreements between insurers and collision repair facilities. The Louisiana Department of Insurance is responsible for regulation of the insurance industry in all phases. Although the Department of Insurance does not have direct regulatory authority over the collision repair industry, it is responsible for protecting the insuring public as it relates to automobile insurance claims.

The purpose of this Advisory Letter is to assist all interested parties in reaching a satisfactory resolution of these disagreements. The suggested principles that follow, below, should be considered in their entirety. Implementing these practices should aid in resolving the vast majority of conflicts that arise, resulting in the best possible service to consumers and the collision repair industry. Insurers should also be advised and take note that the Commissioner will be guided by these principles in resolving complaints.

Both Insurers and collision repair facilities are requested to:

- Acknowledge that collision repair facilities should receive payment only for those repairs, procedures, parts and materials which are necessary to restore vehicles to their pre-accident condition relative to safety, function, and appearance, regardless of prevailing market practice and provided that there is prior knowledge and agreement between the involved parties.
- Acknowledge that recommendations of vehicle and paint manufacturers and industry procedure manuals, including information provider software, should be utilized to determine necessity of repair procedures, parts and materials. Information resources include, but are not limited to, technical bulletins and manuals produced by the vehicle and paint manufacturers as

¹ This advisory letter supplements Advisory Letter 98-01.

well as by Mitchell™, CCC™, ADP™, Motors™, I-Car, UPCR (Uniform Procedure for Collision Repair) and Tech-Cor™.

- Acknowledge that the collision repair consumer is entitled to complete industry defined quality involving necessary repairs, procedures, parts and materials to their vehicles, utilizing all recognized industry repair methodology and collision repair part alternatives. The consumer should be given the benefit of both quality and economic cost control, provided there is prior knowledge by the involved parties, and that the vehicles are restored to their pre-accident condition relative to safety, function and appearance.
- Work together to prevent fraudulent acts by any and all parties involved, including collision repair centers, consumers, vendors and insurance companies.

This statement of principles was developed with input from an ad hoc task force composed of members of the insurance industry and the collision repair industry.

The Department of Insurance recommends and encourages all parties involved to work together for the benefit of the insuring public.

Should you have any questions regarding this Advisory Letter please contact my office at 225-342-1258.

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COMMISSIONER OF INSURANCE

BY: _____
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